

AMENDED IN SENATE JULY 3, 2001

AMENDED IN SENATE JUNE 18, 2001

AMENDED IN ASSEMBLY APRIL 24, 2001

AMENDED IN ASSEMBLY MARCH 28, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1230**

**Introduced by Assembly Member Papan**

February 23, 2001

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An act to amend Sections 22105 and 22109 of the Financial Code, relating to finance lenders.

LEGISLATIVE COUNSEL'S DIGEST

AB 1230, as amended, Papan. Finance lenders.

Existing law, the California Finance Lenders Law, requires the licensure of a person by the Commissioner of Corporations to engage in the business of a finance lender or broker. Existing law requires the commissioner to investigate specified individuals if an applicant for licensure is a corporation, trust, or association. Existing law requires the commissioner, within 60 days from the filing of a full and complete application, to issue a license or file a statement of issues.

This bill would require the commissioner, if an applicant is a corporation, trust, or association, to investigate the applicant's principal officers, as defined. The bill would instead require the commissioner to issue a license or file a statement of issues within 45 days of the filing of a full and complete application.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 22105 of the Financial Code is amended  
2 to read:

3 22105. (a) Upon the filing of an application pursuant to  
4 Section 22101 or 22102 and the payment of the fees, the  
5 commissioner shall investigate the applicant, and its general  
6 partners and persons owning or controlling, directly or indirectly,  
7 10 percent or more of the outstanding interests if the applicant is  
8 a partnership. If the applicant is a corporation, trust, or association,  
9 including an unincorporated organization, the commissioner shall  
10 investigate its principal officers, directors, and persons owning or  
11 controlling, directly or indirectly, 10 percent or more of the  
12 outstanding equity securities. If the commissioner determines that  
13 the applicant has satisfied this division and does not find facts  
14 constituting reasons for denial under Section 22109, the  
15 commissioner shall issue and deliver a license to the applicant.

16 For the purposes of this section, “principal officers” shall mean  
17 president, chief executive officer, treasurer, and chief financial  
18 officer, as may be applicable, and any other officer with direct  
19 responsibility for the conduct of the applicant’s lending activities  
20 within the state.

21 (b) For purposes of subdivision (a), the investigation in  
22 connection with an application described in Section 22102 may be  
23 limited to the information not already included in previous  
24 applications filed pursuant to this division.

25 SEC. 2. Section 22109 of the Financial Code is amended to  
26 read:

27 22109. (a) Upon reasonable notice and opportunity to be  
28 heard, the commissioner may deny the application for any of the  
29 following reasons:

30 (1) A false statement of a material fact has been made in the  
31 application.

32 (2) Any officer, director, general partner, or person owning or  
33 controlling, directly or indirectly, 10 percent or more of the  
34 outstanding interests or equity securities of the applicant has,  
35 within the last 10 years (A) been convicted of or pleaded nolo

1 contendere to a crime, or (B) committed any act involving  
2 dishonesty, fraud, or deceit, if the crime or act is substantially  
3 related to the qualifications, functions, or duties of a person  
4 engaged in business in accordance with this division.

5 (3) The applicant or any officer, director, general partner, or  
6 person ~~owning~~ *owning* or controlling, directly or indirectly, 10  
7 percent or more of the outstanding interests or equity securities of  
8 the applicant has violated any provision of this division or the rules  
9 thereunder or any similar regulatory scheme of a foreign  
10 jurisdiction.

11 (b) The application shall be considered withdrawn within the  
12 meaning of this section if the applicant fails to respond to a written  
13 notification of a deficiency in the application within 90 days of the  
14 date of the notification.

15 (c) The commissioner shall, within 45 days from the filing of  
16 a full and complete application for a license with the fees, either  
17 issue a license or file a statement of issues prepared in accordance  
18 with Chapter 5 (commencing with Section 11500) of Part 1 of  
19 Division 3 of Title 2 of the Government Code.

